

Understanding the Worker Needs of Manufacturers:

The 2007 Minnesota Skills Gap Survey

Manufacturing matters. The sector accounts for 13 percent of Minnesota jobs and 14 percent of our economy. While output continues to grow, changes in technology and operations make higher-skilled jobs key to the future success of this industry.

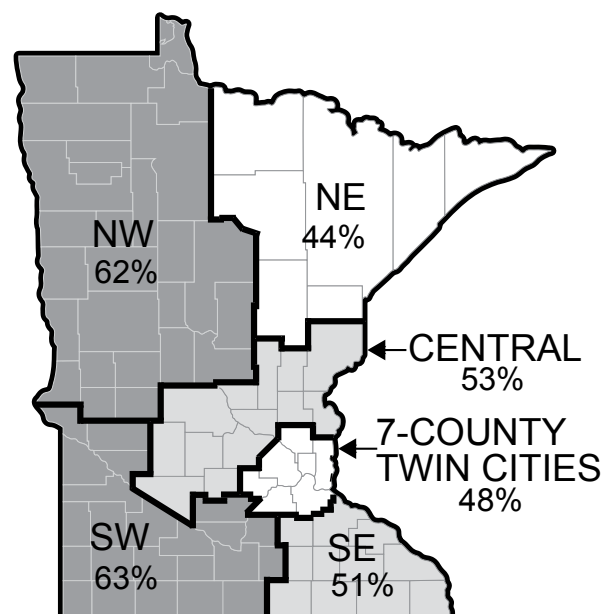
Businesses agree. A “high-performance workforce” is the number one factor for firm success, according to 74 percent of U.S. manufacturers that responded to a 2005 survey by the National Association of Manufacturing (NAM) and Deloitte.¹ A 2007 survey of Minnesota manufacturers with 250 employees or less found that 66 percent of respondents agreed.² This is just one key finding from “Understanding the Worker Needs of Manufacturers.”

Workforce Shortages

- Just over half of respondents (52 percent) had positions unfilled due to lack of qualified applicants and indicated moderate or serious shortage of workers overall.
- Ratings of the severity of current and future worker shortages were highest for skilled production and scientist and engineering positions and lowest in low-skilled production and management and administration.
- Current and future workforce shortages are most noticeable in Southwest and Northwest regions of the state, indicating an area with potentially increasing demand for workforce services.
- Respondents expected the workforce shortage to be more significant three years from now.



Percent of Respondents Indicating Moderate or Serious Workforce Shortage, by Region



Source: “Understanding the Worker Needs of Manufacturers,” survey results, Minnesota Department of Employment and Economic Development, 2007.

Business Responses

- The most frequently noted methods used to recruit and retain employees are increasing wages and providing benefits.
- Large numbers of respondents have not used public and private placement services. This suggests opportunity for public and private placement services to leverage their expertise to provide services to more businesses.

Training and Education

- A sizeable minority of respondents (20 percent) indicated that 75 to 100 percent of employees received training each year, although just more than half of respondents (55 percent) indicated that 10 percent or less of employees received training each year.
- The largest share of respondents indicated that their employees need training in computer skills (50 percent) and basic employability skills (41 percent).
- Technical and vocational schools provide the most effective education and training, according to 67 percent of respondents.

Collaboration with Education

- Nearly half of respondents (46 percent) had not previously collaborated with the education system to deal with workforce issues.
- Fifty-five percent of very small companies (less than 20 employees) had not collaborated with the education system, compared to 44 percent for small companies (20 to 74 employees) and 40 percent for medium companies (75 to 250 employees).
- Regional differences in business collaboration with educational institutions were striking. Metro (55 percent) and Northeast (54 percent) had more respondents indicate no collaboration with education than Central (38 percent), Northwest (32 percent), Southeast (31 percent), and Southwest (32 percent).

Government Involvement

- The vast majority of respondents (71 percent) believed that the State of Minnesota should have moderate or significant involvement in assisting manufacturers to attract and retain a highly effective workforce.
- The preferred forms of support were tax relief for companies that offer training (41 percent) and funding for employee training at companies (40 percent).
- Respondents in Southwest, an area that reported the most acute workforce shortages, were substantially more likely to favor significant or moderate involvement for the State in assisting manufacturers to meet workforce needs.

Size Differences

- Overall, medium-sized companies tended to experience a greater impact of workforce shortages and use a greater variety of tactics to address such shortages than small companies and very small companies. Medium-sized companies also have greater financial capacity for providing training and more frequently collaborate with educational institutions to meet workforce and training needs. Large companies with more than 250 employees were not included in the survey.

Comparison to NAM Results

- Minnesota manufacturers (80 percent) were more focused than respondents to the NAM survey (54 percent) on reducing turnover among current employees to maintain appropriate workforce levels.
- Nationally, more than 40 percent of manufacturers focus on organizational improvement to retain workers; more than twice as many as in Minnesota.
- Minnesota respondents were much less likely to collaborate with the education system than respondents to the nationwide NAM study.

Final Thoughts

Overall, these survey results present both a significant challenge and a substantial opportunity for the State of Minnesota, local governments, the education system and other service providers to align and prioritize services and support to Minnesota manufacturers. There are also opportunities for manufacturers to proactively build a workforce to sustain their business and the overall industry.

Because results vary by geographic location and size of business, workforce development professionals need to customize their approach to businesses based on the need for the service and the willingness of the businesses to be active partners in delivering services to workers. Businesses and the workforce development system must collaborate and secure a sustainable workforce for this important sector of Minnesota's economy.

Full report and appendices available online at:

www.positivelyminnesota.com/facts/mfgworkerneeds.htm

¹ Go to www.nam.org/2005skillsgap for more information.

² An initial pool of 2,370 Minnesota businesses with 250 or less employees yielded 704 respondents (for a response rate of 29.4 percent and a margin of error of +/- 3.6 percent) for the 2007 survey. Businesses with more than 250 employees were not included in the survey.

